

24 February 2021

APPENDIX 4D – HALF-YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Name of Entity: Raiz Invest Limited
ABN: 74 615 510 177
Reporting period (“Current period”): 1 July 2020 to 31 December 2020
Previous corresponding period: 1 July 2019 to 31 December 2019

Results for announcement to the market

Key Information	31 Dec 2020 \$000	31 Dec 2019 \$000	% Change
Revenue from ordinary activities	5,221	4,462	17%
Net loss attributable to members of the parent entity	(2,247)	(2,427)	(7%)
Loss for the half-year, excluding non-cash items	(655)	(973)	(33%)

Dividends Paid and Proposed

The Group did not recommend, declare, or pay a cash dividend during the half year ended 31 December 2020 (2019: nil).

Net Tangible Assets per Share

	31 Dec 2020 \$/share	31 Dec 2019 \$/share
Net tangible assets per share	0.12	0.13

Control Gained or Lost over Entities in the Year

There is no control gained or lost during the financial year.

Investment in Subsidiaries and Joint Ventures

	2020 %	2019 %
Material investments in subsidiaries and joint ventures are as follows:		
Raiz Invest Australia Limited	100.0	100.0
Instreet Investment Limited	100.0	100.0
Instreet Acorns Pty Ltd	100.0	100.0
PT. Raiz Invest Indonesia	80.0	80.0
Raiz Malaysia SDN BHD	70.0	100.0
Raiz (Thailand) Limited	100.0	N/A
Raiz Home Ownership Pty Ltd	100.0	N/A

**Commentary on the Results for the Period**

Refer to the commentary on the results for the period contained in the Director's Report included within the Review of Operations section of the financial report.

Status of Review

The Raiz Invest Limited half-year financial report for the half-year ended 31 December 2020 has been subject to review by our external auditors, BDO Audit Pty Ltd. A copy of the independent review report to the members of Raiz Invest Limited is included in the accompanying half-year report.

George Simon Lucas, Director

Dated: 24 February 2021

Notes:

1. All the documents comprise the information required by listing rule 4.2A. The Information should be read in conjunction with the audited year end 30 June 2020 financial report and all ASX announcements made by the Company during the year



Raiz Invest Limited

ABN 74 615 510 177
and Controlled Entities

FINANCIAL REPORT

for the half-year ended 31 December 2020

Contents

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020	8
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020	11
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Raiz Invest Limited and its controlled entities for the half-year ended 31 December 2020.

GENERAL INFORMATION

Directors

The following persons were directors of Raiz Invest Limited during or since the end of the half year.

- > **Kevin Moore** - Independent Non-Executive Chairman (Appointed 1 December 2020)
- > **Peter Anthony Fay** – Independent Non-Executive Chairman (Resigned 1 December 2020)
- > **Nina Finlayson** – Independent Non-Executive Director
- > **David Gordon** – Independent Non-Executive Director
- > **Kelly Humphreys** - Independent Non-Executive Director
- > **George Lucas** – Managing Director/CEO

REVIEW OF OPERATIONS

Principal Activities

The Company provides financial services and products through its mobile first micro-investing platform which offers its customers an easy way to regularly invest either small or large amounts of money using the Raiz mobile application or through the Raiz website in Australia, Indonesia and Malaysia.

Significant Changes to Activities

There were no significant changes in the nature of the principal activities during the half-year ended 31 December 2020.

Operating Results

The consolidated loss attributable to the owners of parent entity amounted to \$2,247,000 for the half-year ending 31 December 2020 (2019: \$2,427,000 loss), driven by costs associated with platform refinement, product development, customer acquisition costs and one-off administration costs.

The consolidated loss attributable to owners of the parent entity after adding back non-cash items such as the cost of the employee share options and amortisation and depreciation amounted to \$655,000 (2019: \$973,000 loss).

Financial Position

The net assets of the consolidated Group are \$28,953,000 as at 31 December 2020 (\$31,735,000 as at 30 June 2020).

The Group's working capital, being current assets less current liabilities, is \$9,592,000 as at 31 December 2020 (\$11,811,000 as at 30 June 2020).

The Group has a total of \$11,289,000 cash and term deposits as at 31 December 2020. The directors believe the Group is in a strong and stable financial position to expand and grow its operations based on the Company's current business strategy.

Impact of COVID-19 on Financial Results

Covid-19 has had no direct impact on the group's customer growth and fund under management growth since 1 July 2020. The group's global active customer grew by 54% to 343,573 at 31 December 2020 and fund under management grew by 34% to \$605.6 million at 31 December 2020. Revenue from the Raiz Invest Micro Investing segment grew by 20% to \$4.7 million in half-year ended 31 December 2020 comparing with the same period in 2019. For more information on the direct impact arising from the COVID-19 pandemic on the financial result of the Group, please refer to the Group's annual report for the year ended 30 June 2020.

Events after the Reporting Period

In late January, the company introduced Custom Portfolio to its Australian customers. The new portfolio gives our customers greater choice (up to 14 ETFs and Bitcoin) to select their own asset weightings (up to 5% for Bitcoin). The maintenance fee for Custom Portfolio is \$4.50 per month for account balances less than \$20,000 and the account fee will be charged on balances equal to or greater than \$20,000.

No other matters or circumstances have arisen since 31 December 2020 which significantly affected or could significantly affect the operations of the consolidated Group in future financial years.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand Australian dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'George Lucas', with a long horizontal flourish extending to the right.

George Lucas

Director

24 February 2021

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF RAIZ INVEST LIMITED

As lead auditor for the review of Raiz Invest Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Raiz Invest Limited and the entities it controlled during the period.



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 24 February 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	Consolidated Group	
		Period ended 31 Dec	
		2020	2019
		\$000	\$000
Revenue	2	5,221	4,462
Other income		472	365
Employee benefits expense		(1,936)	(1,876)
Depreciation and amortisation expense		(1,323)	(1,143)
Sales and administrative expense		(1,918)	(1,723)
Professional fees		(539)	(637)
Marketing expenses		(1,414)	(686)
Finance cost		(22)	(26)
Other expenses		(1,433)	(1,249)
Loss from operations before income tax		(2,892)	(2,513)
Tax expense		(11)	(53)
Loss for the period		(2,903)	(2,566)
Other comprehensive income or Loss			
Exchange differences on translation of foreign operations		(148)	-
Total comprehensive loss for the period		(3,051)	(2,566)
Loss attributed to:			
Owners of the parent entity		(2,247)	(2,427)
Non-controlling interest		(656)	(139)
Earnings per share			
Basic and diluted earnings per share (cents)		(0.03)	(0.04)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Consolidated Group	
		31 Dec 2020	30 Jun 2020
		\$000	\$000
ASSETS			
Cash and cash equivalents		11,125	12,900
Trade and other receivables		938	790
Other Financial assets		602	573
Other assets		212	127
TOTAL CURRENT ASSETS		12,877	14,390
Property, plant and equipment		180	119
Right-of-use assets		779	517
Deferred tax assets		476	589
Intangible assets		19,302	19,974
TOTAL NON-CURRENT ASSETS		20,737	21,199
TOTAL ASSETS		33,614	35,589
LIABILITIES			
Trade and other payables		2,535	1,927
Current lease liabilities		419	415
Provisions		331	237
TOTAL CURRENT LIABILITIES		3,285	2,579
Trade and other payables		212	249
Deferred tax liability		741	843
Non-current lease liabilities		358	136
Provisions		65	47
TOTAL NON-CURRENT LIABILITIES		1,376	1,275
TOTAL LIABILITIES		4,661	3,854
NET ASSETS		28,953	31,735
EQUITY			
Issued capital	3	73,385	73,385
Restructuring reserve		(26,328)	(26,328)
Share option reserve		4,654	4,385
Foreign currency translation reserve		(257)	(109)
Accumulated losses		(22,184)	(19,937)
Equity attributable to owners of the parent entity		29,270	31,396
Non-controlling interest		(317)	339
TOTAL EQUITY		28,953	31,735

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

Period ended 31 December 2020	Issued Capital	Restructuring Reserve	Foreign exchange reserve	Share Option Reserve	Non- controlling interests	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2020	73,385	(26,328)	(109)	4,385	339	(19,937)	31,735
Loss attributable to members of the parent equity	-	-	-	-	(656)	(2,247)	(2,903)
Other comprehensive income	-	-	(148)	-	-	-	(148)
Total comprehensive loss for the period	73,385	(26,328)	(257)	4,385	(317)	(22,184)	28,684
<i>Transactions with owners in capacity as owners:</i>							
Share option expenses	-	-	-	269	-	-	269
Balance at 31 December 2020	73,385	(26,328)	(257)	4,654	(317)	(22,184)	28,953

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

Period ended 31 December 2019	Issued Capital	Restructuring Reserve	Share Option Reserve	Non-controlling interests	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2019	66,162	(26,328)	3,760	(59)	(17,078)	26,457
Loss attributable to members of the parent entity	-	-	-	(139)	(2,427)	(2,566)
Total comprehensive loss for the period	66,162	(26,328)	3,760	(198)	(19,505)	23,891
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	7,504	-	-	-	-	7,504
Cost in relation to issue of shares	(281)					(281)
Share option expenses			311	-	-	311
Balance at 31 December 2019	73,385	(26,328)	4,071	(198)	(19,505)	31,425

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	Consolidated Group	
		Half-year ended 31 Dec	
		2020	2019
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,555	4,708
Payments to suppliers and employees		(6,903)	(6,115)
Finance cost paid		(20)	(26)
Government grants and tax incentives		999	697
Net cash used in operating activities		(369)	(736)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for short term deposits		-	(7,000)
Payment for intangible assets		(886)	(839)
Payment for fixed assets		(86)	(22)
Net cash used in investing activities		(972)	(7,861)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Capital raising		-	7,504
Share issue costs		-	(414)
Repayment of borrowing from related parties		(38)	(89)
Principle payment for leases		(270)	(202)
Net cash (used in) / from financing activities		(308)	6,799
Net decrease in cash and cash equivalents		(1,649)	(1,798)
Cash and cash equivalents at the beginning of the Period		12,900	6,815
Foreign exchange on cash balance		(126)	-
Cash and cash equivalents at the end of the Period		11,125	5,017
The accompanying notes form part of these financial statements.			
Note: The Group has a total of \$11,289,000 cash and term deposits as at 31 December 2020			

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

The consolidated financial statements and notes represent those of Raiz Invest Limited and Controlled Entities (the “consolidated Group” or “Group”).

The financial statements were authorised for issue on 24 February 2021 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statement for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated financial statement do not include all of the information and disclosure normally required in the annual financial report and should be read in conjunction with the Group’s annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

Significant accounting policies

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The consolidated entity has not elected to early adopt any and new standards or amendments that are issued but not yet effective.

NOTE 2: REVENUE AND OTHER ACTIVITIES

		Consolidated Group	
		Half-year ended 31 Dec	
		2020	2019
		\$000	\$000
Revenue from continuing operations			
Sales revenue:			
–	Raiz platform	4,692	3,921
–	management fee	392	430
–	interest received	4	30
–	rental revenue	61	54
–	other revenue	72	27
Total Sales Revenue		5,221	4,462

Disaggregation of revenue

The Group derives its revenue from the transfer of services over time. The table above provides a breakdown of revenue by major business line. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in Note 4, the Group has two operating segments.

NOTE 3: ISSUED CAPITAL

	Consolidated Group	
	31 December 2020 No.	30 June 2020 No.
Fully paid ordinary shares	74,955,916	74,955,916
	74,955,916	74,955,916

	Date	Consolidated Group	
		2020 No.	2019 No.
a. Ordinary Shares			
At the beginning of the reporting period		74,955,916	66,229,988
Shares issued from placement	18 November 2019	-	7,000,000
Shares issued from share purchase plan	5 December 2019	-	1,725,928
At the end of the reporting period (No.)		74,955,916	74,955,916

	Date	Consolidated Group	
		2020 \$	2019 \$
b. Ordinary Shares			
At the beginning of the reporting period		73,384,546	66,162,418
Shares issued from placement	18 November 2019	-	6,020,000
Shares issued from share purchase plan (SSP)	5 December 2019	-	1,484,262
Costs in relation to placement & SSP	5 December 2019	-	(389,150)
Cost in relation to placement & SSP (tax benefit)	5 December 2019	-	107,016
At the end of the reporting period (\$)		73,384,546	73,384,546

NOTE 4: OPERATING SEGMENTS

Description of segments

Identification of reportable operating segments

Raiz Invest has two operating segments, Raiz Invest Micro-Investing Platform (Australia) and Other Financial Services.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments below this level.

The Board also uses EBITDA (earnings before interest, tax, depreciation and amortisation) as a principal profit measure. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

The information reported to the Board is on at least a quarterly basis.

Types of services

The principal service is the provision of financial services via the Raiz Invest micro-investing platform

Major customers

Raiz Invest Micro-Investing Platform does not rely on any major customers. The largest single customer accounts for only 0.01% of total revenue.

Segment Income

Period ended 31 December 2020	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment Revenue	4,690	531	5,221
Other income	472	-	472
EBITDA*	(1,820)	285	(1,535)
Depreciation and amortisation expenses	(1,272)	(51)	(1,323)
Interest expenses	(20)	(2)	(22)
Tax expense	-	(11)	(11)
Loss for the period	(3,112)	221	(2,891)
Period ended 31 December 2019	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment Revenue	3,921	541	4,462
Other income	365	-	365
EBITDA*	(1,861)	517	(1,344)
Depreciation and amortisation expenses	(1,135)	(8)	(1,143)
Interest expenses	(26)	-	(26)
Tax expense	(45)	(8)	(53)
Loss for the period	(3,067)	501	(2,566)

* EBITDA represents earnings before interest, tax, depreciation and amortisation.

As at 31 December 2020	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment assets	24,832	8,782	33,614
Segment liabilities	4,211	450	4,661

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a. give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the consolidated entity; and
 - b. Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'George Lucas', written in a cursive style.

Director: George Lucas

Dated this 24 day of February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Raiz Invest Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Raiz Invest Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) **Giving a true and fair view of the Group's financial position as** at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the **Auditor's Responsibilities for the Review of the Financial Report** section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a **true and fair view of the Group's financial position as at** 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

Tim Aman
Director

Sydney, 24 February 2021